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Abstract

A universal long-term care system was implemented in Spain in 2007 to address the issue of an ageing society and expand the welfare state. Nevertheless, the austerity policies adopted since the outbreak of the economic crisis have slowed and distorted its development. One of the most negative consequences has been its impact in terms of employment creation, which is far below all predictions. This study quantifies the loss in job creation by comparing the actual implementation with the expected scenario and explains the reasons for the gap. Results show that effective employment only accounts for 51.9 percent of the initially estimated employment. Almost the entire gap can be explained by two causes: delays in the allocation of services (waiting list) and the greater provision of cash allowances for informal care over care services. The case of Spain is highly relevant to the implementation of long-term care systems in other countries since it shows how austerity policies can significantly reduce the job creation benefits that these care systems are expected to have.

Keywords: long-term care, employment, older people, Spain

1. Introduction

Most of the developed world's population is ageing due to a steady increase in life expectancies and decreased birth rates (Rechel et al., 2013). During the last three decades, the population over 65 years of age has increased from 13.5 percent to 19.4 percent of the total population in the first 12 members of the European Union (EU). One of the most direct consequences of these phenomenon is the increasing demand of long-term care (LTC) services. In 2015, and according to the European Commission, around 19.5 percent of the older population in the EU required help to perform activities of daily living (EC, 2015).

Given the ageing of the population and the expected decline in the availability of family caregivers, LTC has become one of the fastest growing policy areas over the past two decades (Ranci and Pavolini, 2013), and, consequently, public spending on age-related services has rapidly increased (Lipszyc et al., 2012). LTC services are defined as the range of services meant to provide help to this population, mainly consisting of older adults, but not only. Nowadays, around thirty countries in the world, the majority of them within the European Union, have LTC systems (Swartz, 2013). The two main categories of services included in their programmes are domiciliary care and institutional or residential care (OECD, 2015).

These policies have been called the fourth pillar of the welfare state (Guillen and León, 2011) and were first implemented by the Nordic countries between the 1960s and the 1980s. During the 1990s, Central European countries also implemented policies for the promotion of autonomy, or LTC systems. Finally, during the middle years of the last decade, Iberian countries have passed laws for the creation of these policies (Matus and Rodríguez, 2014). Therefore, Spain and Portugal have been the last two European countries to establish a national care system for dependent people.

Spanish Law 39/2006, on the Promotion of Personal Autonomy and Care for Dependent Persons (LEPA), was passed just before the onset of the financial crisis, in 2007. It was enacted to respond to the increasing imbalance between the progressive ageing of the Spanish population, with the consequent increased need for care, and the reduced possibilities of offering that care within the family sphere (Simonazzi, 2009). In that context, the LEPA not only attempted to converge with universal LTC systems, but also to create an employment niche and to bring to light a large part of the informal and unpaid work in that sector.

However, the enactment and evolution of the Law were concomitant with the outbreak of the economic crisis and the progressive implementation of austerity policies. A series of policy reforms were carried out, which significantly distorted the full development of the LTC system. The number and provision of services and economic benefits of the LEPA turned to be lower and different than those projected. The impact was a strong fall in the demand for formal care work. In our analysis, we are interested in measuring potential job losses rather than job cuts. As Bettio et al. (2013) pointed out, measuring the effects of the crisis or of the austerity policies in terms of job cuts underestimates the actual consequences of austerity and its gendered impacts. The implementation of austerity policies implied not only a loss of actual jobs in social services but, most of all, a huge drop in the expected growth of jobs.

Spain presents a particularly interesting case owing to the concurrence of the development of its LTC system with the outburst of the global financial crisis and the harsh fiscal consolidation measures implemented since the outbreak of the Eurozone crisis in 2010. Several studies have analyzed the evolution of family and care policies in the Southern European periphery over the last two decades and during the crisis, taking into consideration the retrenchment/recalibration debate and the social investment approach (León and Pavolini, 2014; Pavolini et al., 2015; Petmesidou et al., 2014; Petmesidou and Guillén, 2014; Rodríguez and Matus, 2016). This article contributes to this literature by examining the link between the political responses to the problem of ageing, LTC and employment, and how this relationship has been affected by the austerity policies implemented in a Southern European country like Spain. We pose three questions to be answered through our study: Which was the impact of the austerity measures on LTC employment? Which factors explain why real employment is lower than originally estimated? How does each of the possible measures contribute to this insufficient creation of formal employment?

This paper quantifies the loss in job creation by comparing the actual implementation of LTC system with the expected scenario and explains the reasons for the gap. The article is structured into five sections, in addition to this introduction. Next section describes the context of the creation of the LTC system in Spain, its implementation and the changes imposed on it during the crisis. The third section discusses existing methodologies and previous estimations, and the fourth section presents the methodology applied to estimate the loss in social services employment. Section five presents the findings. Finally, the conclusions are provided in section six.

2. The development of the long-term care system in Spain

Spain was one of the last European Union member states to introduce LTC legislation. Just before the onset of the financial crisis, Law 39/2006, of 14 December, on the Promotion of Personal Autonomy and Care for Dependent Persons (LEPA), recognized universal access to a basic set of LTC social services and planned the progressive introduction of a social care system covering all forms of loss of autonomy, whatever the cause (age, illness, etc.). According to the law, anyone has the right to apply for recognition as a dependent person from the regional authorities, which work in cooperation with the State. The regional authority assesses the individual's eligibility through a means-test and evaluates the degree of severity. Eligibility criteria are based on a medical approach (i.e. level of dependence), which focuses on physical disabilities and aims at measuring functional capabilities. The law establishes three degrees of dependence: mild (I), moderate (II) and severe (III), each one subdivided into two levels. In case of favourable resolution, the individual's financial capability is considered. This, together with the degree of dependence, will determine the provision of a service or cash transfer in order to compensate the expenses incurred by the dependent person.

This law represented an important step in the expansion of the Spanish welfare model and a change from a model focused on budget-limited programmes and means-testing to a LTC system based on legislation and principles of entitlement. It also was a major step towards the confluence with the more universalist European social models and acknowledged the transformations that Spanish society was experiencing, which were leading to the unsustainability of the Mediterranean family model (Da Roit et al., 2013; Gálvez et al., 2011), based on an intergenerational contract and gender inequalities.

The law tried to respond to the growing imbalance between the progressive ageing of the Spanish population, with the consequent increased need for care, and the reduced possibilities of offering that care within the family sphere. The latter was mainly due to: women's growing participation in the labour force from the late-1980s (Gálvez and Rodríguez, 2013); the difficulties in reconciling employment and informal care work; the changes in household structure and dynamics; the increasing individualism in society (Caïs and Folguera, 2013; Calzada and Brooks, 2013); and the loss of purchasing power of family incomes. This, together with a less developed welfare state than in other

European countries, meant that, in Spain, as in other Mediterranean countries (Simonazzi and Picchi, 2013), families –who are still responsible by law to care for their elderly– turned to the immigrant population to perform their care work, taking on mostly women who worked illegally and were poorly paid. The immigrant population in Spain, which had increased from 0.9 million in 2000 to approximately 4 million in 2006, represented a pool of cheap and flexible manual labour, and was mostly employed in the underground economy.

In this context, the Spanish public LTC system not only aimed at converging with universal care systems, but also at providing a source of public formal employment and at bringing out into the open much of the hidden and unpaid labour supplied by women, who would thus obtain social and legal recognition and be entitled to unemployment benefits and pensions. The level of job creation in the LTC sector was estimated to increase from 96.4 thousand to 352.2 thousand jobs according to different studies (Causapié, 2011; Herce and Sosvilla, 1995; Herce et al., 2006; Rodriguez, 2005). However, conditions changed radically with the outburst of the economic crisis and the implementation of austerity policies as well as the neo-liberal and conservative social policies that are redefining the public social protection systems, in particular the social services (Mateo-Perez et al., 2015), in what is sometimes referred to as 'permanent austerity' (Albo and Evans, 2011; Pierson, 1998).

For the period 2007-2011, the budgetary gap between the amount estimated in the LEPA and the accumulated definitive budget was -2,724 million euro. And, since November 2011, several policy reforms[1] were implemented that stalled the full development of the LTC system and further reduced the LTC budget for 2012-14 by a total of 2,352 million euro. This was achieved by means of several reductions in the contribution of the national administration to the regional administrations, the cutback of 15 percent of the cash allowances for care within the family, the fall in the number of hours of formal care provided, the greater demand for co-payment and the postponement in the introduction of new beneficiaries. Royal Decree-Law 20/2011 blocked all requests for evaluating level 2 moderate dependents who had not been so before the end of 2011. Soon afterwards, Law 2/2012 rendered mild dependents (levels 1 and 2) unable to request any benefits until 2014. Finally, Royal Decree-Law 20/2012 enacted another delay in the access to those benefits for level 1 moderate dependents, this time until July 2015.

Budget constraints pulled the LTC limbo or waiting list up. This list is formed by individuals officially considered as entitled to benefits who have actually not received any (in-kind or monetary) provisions and have shifted the composition of the benefits basket. Contrary to the spirit of the LEPA, monetary benefits have become a usual

[1] Royal Decree-Law 20/2011, of 30 December, on urgent measures in budgetary, tributary and financial matters for the correction of the public deficit; Royal Decree-Law 20/2012, of 13 July, on measures to guarantee budgetary stability and promotion of competitiveness; and the Laws on the General State Budget for years 2012, 2013 and 2014 (Law 2/2012, of 29 June; Law 17/2012, of 27 December; and Law 22/2013, of 23 December).

practice. Cash benefits are more affordable for the administration than investing or contracting out service provisions. And cash benefits are also preferred by families because they represent a source of income for the household. Hence, even though the social services have been one of the few resilient sectors during the crisis (Gómez et al., 2012; Jiménez-Martín and Vilaplana-Prieto, 2012), the level of formal employment created has been much lower than expected.

3. Previous estimations of employment

After the first estimation made by Rodríguez (2005) on the White Book of Dependence, WBD), several studies have applied different methodologies to re-calculate the effects of the implementation of the LEPA on employment. As it usually happens with forecasts, the range of results is quite large. Depending on the method and the data sources used, they reached from less than 100 thousand jobs to almost 300 thousand jobs.

The WBD applied the most traditional methodology, an actuarial model that uses three main inputs: distribution of potential beneficiaries according to three degrees of severity, distribution of services among beneficiaries (usage matrix), and estimation of the labour required to provide each type of service (labour matrix). The first input was obtained from the National Health Survey, and the second and third were proposed by experts. The results of the WBD indicated that 352,235 full-time jobs would be required for the operation of the LEPA system, which should have been fully implemented by 2010.

Using the same methodology but applying new usage and labour matrices according to the evidence of the actual demand, Rodríguez and Jiménez (2010) raised the potential number of jobs to 497,146 for 2011. Also with an actuarial method and his own usage matrices, based on the number of effective recipients and services provided, Ramírez (2011) considered that the employment created would only reach 127,977 jobs that same year.

Herce et al. (2006) used Input-Output Tables (IOTs) to estimate the potential employment generated by the LEPA. This type of estimation links expenditures, economic structure and employment. Depending on the area where the expenditure is made, the effect on employment will be larger or smaller. These authors used the estimations of current costs and capital costs performed by the WBD and applied them to the Spanish national IOTs. The results pointed to a potential of 199,728 new jobs.

A third methodology was used by Causapié (2011), based on a macroeconomic model of the Spanish national economy. The econometric model, developed by Herce and Sosvilla (1995), is called Hermin-Spain and was built on interrelated equations of the main economic variables. As IOTs, it requires information on public expenditure to estimate the impact on national income and employment. Again, using the financial data of the WBD, the model gave a total of 248,000 jobs for the full implementation of LEPA in 2011.

Finally, there is a fourth methodology based on a micro-econometric model that uses the Labour Force Survey to estimate the probability of carers accessing the labour market if they were freed from informal care duties by a change to formal care. This estimation, balanced with the demand of formal care work, provided a gross employment of 96,485 new jobs (Herce et al., 2006).

In summary, employment estimations vary according to the data and methodology used. But none of them allows knowing how much of the expected employment was in fact created, and why. This article takes into account the first estimation, made by the WBD, and calculates how much employment should have been created and how much actually was created. In order to do this, an updating of the WBD data is carried out based on the data for the real demand and real distribution of services provided by the Administration.

4. Methodology

This work applies an actuarial methodology. The formula is the same one used by the WBD in 2005, but updated to new values of population and real outputs for 2015. Employment (E) is estimated with the following formula:

$$E = \sum_{g=1}^{3} \left[P_g * A_g * B_g \right]$$

where P_g is the dependent population distributed according to three degrees of severity g (mild, moderate and severe), A_g is the usage matrix and B_g is the labour matrix. A_g represents the distribution of services by number of beneficiaries and degree of severity. It can take two sets of values: real distribution of services (A_{g1}) or distribution planned at the beginning of the implementation of the LEPA (A_{g2}). B_g represents the amount of full-time employment required to provide each service. The basket or package of services is composed by residences, day/night centres, home help (domiciliary care), and tele-care. Regarding the cash-for-care programme, there are three possibilities: a) to buy services, b) to hire a care worker, and c) to rely on family care. The first cash-for-care scheme is homogenously distributed between residences, day centres and home help. The second cash-for-care option is defined as domiciliary care, while family care is considered as employment only if the caretaker is registered in the Social Security system.

The dependent population variable (P_g) can be qualified from four different perspectives. First of all, as the potential population (P_g^1), which is the population that could demand these services. It is estimated by applying the prevalence rates by gender, age and severity given by Vilaplana (2010) to the projections of the population for each year. Secondly, as the demanding population (P_g^2), which represents the number of dependent people actually demanding those services, obtained from the official register of the system (IMSERSO, 2018). Thirdly, as the entitled population (P_g^3), which identifies the persons whose degree of dependence has already been officially assessed and recognized. Finally, as the beneficiaries (P_g^4), i.e. the people who have been already assigned to Individual Care Programmes (ICPs) providing services and/or granting financial allowances.

In a second step, five different volumes of employment are calculated. One for each of the first three populations, and two for the basket of services: one for the planned distribution of services (A_g^1) and another one for the actual distribution of services (A_g^2).

Finally, the total loss of potential employment is defined as the difference between all volumes of employment. The loss is categorized and estimated as:

L1: Unrealized demand. It corresponds to the employment that has not been created because part of the dependent population did not request any formal services.

$$L_1 = \sum_{g=1}^{3} \left[\left(P_g^1 - P_g^2 \right) * A_g^1 * B_g \right]$$

L2: Postponed demand. It is the employment that has not been created due to the postponement in the development of the LEPA.

$$L_2 = \sum_{g=1}^{3} \left[\left(P_g^2 - P_g^3 \right) * A_g^1 * B_g \right]$$

L_3: LTC limbo or waiting list. It is the employment that has still not been demanded by the people who, in spite of being entitled to a care programme, have not been assigned to any specific one yet.

$$L_3 = \sum_{g=1}^{3} \left[\left(P_g^3 - P_g^4 \right) * A_g^1 * B_g \right]$$

L_4: Differences in the composition of the basket of benefits. It corresponds to the employment not yet developed because the care programme (ICP) offered to the beneficiaries differs from the one initially planned by the experts who wrote the WBD.

$$L_4 = \sum_{g=1}^{3} \left[P_g^4 * \left(A_g^2 - A_g^1 \right) * B_g \right]$$

5. Results

5.1 Demand and beneficiaries

For the calculations of the potential demand, the prevalence rates by gender, age and severity obtained by Vilaplana (2010) were applied to the population data for 2015: the results give a population of 1,342,000 people (Table 1). These estimations are very close to those made by the WBD. According to Rodríguez (2005), the potential demand would reach 1,246,428 people in 2010. It represents a difference of 7.6 percent, considering the population growth.

Table 1. Dependent populations by degree of severity. January 2015

	Population		Severity		
	Number	% of the potential population	Mild	Moderate	Severe
P_1 Potential	1,342,000	100%	43.7%	24.7%	31.6%
P_2 Demanding	1,208,317	90.0%	35.1%	35.9%	28.9%
P_3 Entitled	1,066,031	79.4%	26.5%	40.7%	32.8%
P_4 Beneficiaries	741,504	55.3%	20.6%	41.6%	37.8%

Source: Own elaboration with data from the Instituto de Mayores y Servicios Sociales (Institute of Older Persons and Social Services, IMSERSO, 2018).

The composition by degree of severity differs significantly from previous estimations. In this study, the individuals classified as having *severe dependence* reach 31.6 percent of the total dependent population, while, according to the WBD, they only constituted 17.5 percent. The low percentage of those first estimations has been the object of various criticisms. The most quoted one indicates that there is a tendency among evaluators to elevate people to the immediately higher grade as they approach each threshold (López-Casasnovas and Del Pozo, 2010). According to the present results, rather than a question of lax evaluation criteria in the entry to the system, it seems to be more an error of estimation of those forecasts made prior to the official regulations for the evaluation of dependence.

The population effectively demanding LTC services, P_2, is estimated at 1,208,317 people, which is 90 percent of P_1. Only 10 percent of the population that could potentially request financial allowances or services has not done so. This effective demand is much greater than the one estimated before the implementation of the LTC system. Two reasons could explain this result. The first one is that the rate of exclusive use of individual or family resources without also resorting to other services or financial allowances is in fact very low, and that the WBD, which fixed this proportion at 28.9 percent, overestimated the use of informal care. Consequently, the effective demand for formal care was undervalued. These results seem to confirm the complementarity between formal and informal care in Spain (Jiménez-Martin and Vilaplana-Prieto, 2012), which in turn explains the high proportion of family carers (Scheil-Adlung and Bonan, 2012) in comparison with the EU average. This, above all, reveals the insufficiency of financial allowances, home help and non-residential centres to cover all the care required by severe dependents, and the cause/effect relationship with the residential proximity between services and dependents (Lipszyc et al., 2012). The second explanation, which we consider less plausible, is that the potential demand P_1 was underestimated, in which case the problems would derive from the primary sources. If this were the case, the use of this specific sample or methodology would have resulted in a downward bias. Evidence shows that, considering the National Health Surveys of 2008 and 2011, the differences between both sources do not sufficiently explain the gap (Herranz et al., 2011). At the moment, we cannot know whether there is complementarity between both explanations or in what proportion they are explanatory.

The population entitled to care services, P_3, reached 79.4 percent (1,066,031 people) of the potential dependent population, while the beneficiary population, P_4, represented 55.3 percent (741,504 people) of it. Therefore, the so-called LTC limbo amounted to 142,286 people, i.e. 13.3 percent of the people with the right to access LTC benefits (P_3). In addition, the severity of dependence has increased in both populations, a fact that should lead to an increment in the generation of employment. The individuals classified into the severe dependence category rose to 32.8 percent of P_3 and 37.8 percent of P_4, because the delay in the development and implementation of the LEPA affected the less serious cases.

5.2 Employment

If all dependent people applied to be assigned to a care programme (P_1) and their applications were evaluated following the criteria of the experts who worked on the WBD prior to the development of the LEPA, a total of 389,998 new jobs would be demanded (E_1). Nevertheless, given the present number of beneficiaries and the characteristics of the actual LTC programmes in 2015, our estimation of employment reaches only 187,774 jobs (E_5). Of these, 13,308 jobs correspond to caretakers who have received financial benefits for providing care within the family unit and have been registered in the Social Security system.

The total loss of potential employment is the difference between real employment and potential employment, which gives a value of 202,224 non-created jobs (Table 2).

Table 2. Loss of potential employment by cause. January 2015

	Jobs	% of potential jobs	Loss of employment	
			Jobs	% of total jobs
E_1 Potential	389,998	100.0%		
E_2 Demanding	379,114	97.2%	L_1: -10,884	-2.8
E_3 Entitled	367,634	94.3%	L_2: -11,480	-2.9
E_4 Planned basket of services	273,440	70.1%	L_3: -94,194	-24.2
E_5 Real basket of services	187,774	48.1%	L_4: -85,666	-22.0
Total			-202,224	-51,9

Source: Own elaboration.

Among the factors favouring employment, we can highlight the composition effect in L_1, L_2 and L_3, which moderates the loss in employment because, despite the reduction in size of each population, the most severe cases, which require more manual labour, increase their share. The magnitude of this effect is usually compensatory and smaller than the total losses for each of the three populations.

Among the factors reducing employment, the most important one is the LTC limbo, i.e. the employment that derives from services that are still not offered to those people who are already entitled to them (L_3 = 94,194 jobs). Although there are no corroborated explanations of the origin of this gap, it is plausible that it corresponds to budgetary or liquidity restrictions on the part of the national and regional administrations.

The second factor, which is very similar in magnitude, is the difference between the originally planned basket of services and the effective one (L_4 = 85,666 jobs). The reason is the expansion of cash allowances, rather than formal services, for family care. In 2015, there were 741,504 beneficiaries (P_4), but 370,702 of them received this kind of cash-for-care support. Different evaluations of the system identify the multiple factors favouring the configuration of ICPs based on financial allowances (Cervera et al., 2009), such as their lower cost as compared to services, their cheaper and faster management, the insufficient supply of services, and the recipient's preference for financial allowances due to the co-payment mechanism established for services. This was verified by Ramírez (2011), who found that 69 percent of the cost of the system derived from services that only 17 percent of the people entitled to them received, whereas 31 percent of the cost went to the remaining 83 percent of the recipients via financial allowances. As a result, the implementation of the ICPs has, from the start, been conditioned by the insufficient budgetary provision, later aggravated by the austerity measures, which further reduced their financing after 2012.

Finally, the other two negative effects, L_1 and L_2, respectively represent the potential employment that has not been realized due to the existence of informal care (no demand), and the delays in the time schedule for the progressive application of the LEPA, which postponed the recognition of the rights of part of the entitled population until 2015.

6. Conclusions

The actual implementation and financial provision of the LTC system shape the different possibilities for employment creation in the care sector, the quantity and quality of the employment created and the balance between formal and informal employment. One of the benefits of implementing a formal LTC system is the reduction of informal employment and the creation of quality jobs, mainly for women. However, the austerity measures implemented following the economic crisis and the Eurozone sovereign debt crisis have resulted in a drastic retrenchment of the welfare state and the loss of social rights and potential employment.

This paper presents a method for calculating the gap between the potential and real employment created by a care policy, such as the LTC system, and quantifying the causes thereof. This method has allowed us to analyze as well the weight of different factors related to the insufficient budgetary provision for the LTC system, the economic crisis and the ensuing austerity policies. The calculations carried out show that over half the expected jobs have not been created. Almost the entire gap can be explained by two causes.

First of all, the delay between the recognition of entitlement and the assignation of a package of services. Although there is a legal deadline of six months between recognition of dependence and resolution of the application for services or cash allowances, this calendar is not always respected, and beneficiaries can wait for almost a year for their benefits, in the so-called LTC limbo. This LTC limbo allows the postponement of public expenditure and alleviates the pressure on regional governments to meet the deficit targets imposed by the central government. This has become a structural feature of the system (Peña-Longobardo et al., 2016).

The second cause is the greater provision of cash allowances for informal care over care services. From the supply side, austerity policies are putting administrations under pressure to cut social spending, making it more cost effective to promote cash-for-care over nursing homes and home-based services. From the demand side, cash allowances can supplement declining family incomes resulting from the unemployment crisis, since Spain's unemployment rate has tripled since the creation of the LTC system in 2007, and the number of households with no income earners has doubled. All of this leads to a paradoxical situation where austerity policies have hindered the development of potential employment in the LTC sector, precisely in the midst of one of the greatest employment crisis in Europe's recent history.

The majority of the potential jobs lost are female jobs, as gender norms and high segregation in the labour market makes the care sector a highly feminized activity. But the public provision of care is also essential for work-life balance and women's employment. During the decades of massive entry of women into the labour market and rapid economic growth (mid-90s and 2000s), the Spanish central government and regional governments increased funding for formal childcare and LTC, trying to foster female employment in accordance with the European Employment Strategy and the dominant social investment approach. However, this process of catching up with the EU levels was very limited in time and effort, and Spain is now facing a significant turning point as austerity ideology is stress-testing the welfare system and gender equality policies. As Petmesidou and Guillén (2014) have warned, though the institutional structure remains almost intact, significantly diminishing coverage and system generosity may cancel out recent progress, particularly newly consolidated social rights, such as LTC. But these developments have also the potential to lead to a long-term shift in the trajectory of gender relations in Europe (Rubery, 2015). The familistic culture of Southern European countries has been used many times as a justification for the residual character of social policies (Flaquer, 2000; Keck and Saraceno, 2010; León, 2002), and it can be used again, leading to a turnback to familism. However, since the provision of care by Spanish families was already at the limit of its sustainability at the beginning of the crisis (Benería, 2011; Gálvez et al., 2011), it is almost impossible to try to transfer a greater burden of work onto the families without sky-rocketing at the same time gender inequalities.

A greater generation of formal employment in LTC services is necessary in order to reduce the gender inequalities and costs associated with informal care. For this purpose, the trend of financial cutbacks and transfer of costs to the people in need of LTC and their families has to be reversed. It is necessary to return to the original aim of the Spanish LTC system of reaching a public expenditure of 1.5 percent of the GDP in 2015, more than double the present budget. Sufficient public financing would allow the development of the network of infrastructure and services required for the effective implementation of the LEPA. This would lead to increased, stable and quality employment, diminishing the existing gap between expected and actual employment, with the consequent positive impact on the economic activity, equality and welfare. In order to develop a formal labour market in the LTC sector, there must be a provision of services or monetary transfers linked to services, because cash allowances that are not associated to specific services slow down its creation.

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